

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS and ECONOMIC DEVELOPMENT
COMMITTEE
ACTION ITEM**

SUBJECT: **FY 2016 Capital Improvement Program Amendment/Use of
Local Gasoline Tax Funding for Mooreview Parkway**

ELECTION DISTRICT: Dulles

CRITICAL ACTION DATE: January 12, 2016

STAFF CONTACTS: Daniel Csizmar, Transportation and Capital Infrastructure
Joe Kroboth, Transportation and Capital Infrastructure
Erin McLellan, Management and Budget

PURPOSE: To amend the FY 2016 Capital Improvement Program (CIP) and budget to appropriate and transfer \$1,800,000 of local gasoline tax funding from the Transportation District Fund to the Capital Fund to fund the Mooreview Parkway capital project.

RECOMMENDATIONS: Staff recommends that the Finance/Government Operations and Economic Development Committee (FGSOC) recommend that the Board of Supervisors (Board) amend the FY 2016 CIP and budget to appropriate and transfer \$1,800,000 from the Transportation District Fund to the Capital Fund for the Mooreview Parkway capital project.

BACKGROUND: As part of the capital project review process, the Department of Transportation and Capital Infrastructure (DTCI) staff identified that the Mooreview Parkway project between Croson Lane and Old Ryan Road is in need of an additional \$3,300,000 to fully fund the project. Of this additional amount, \$1,500,000 is required to cover added construction related costs due to project delays, inflation, and cost increases within the current project scope. Staff is developing a funding proposal as part of the Proposed FY 2017 – FY 2022 CIP to cover the added construction costs for the project. The additional \$1,800,000 in local gasoline tax funding, requested in this item, is required to fund the relocation of two gas transmission lines that interfere with development of this road segment. The latest cost estimate from Columbia Gas to relocate the gas line is approximately \$1,440,000. Adding a sufficient contingency to the gas line relocation cost would require a total request of \$1,800,000.

Due to significant demand nationwide for labor and natural gas line construction brought about by the expansion of fracking to extract natural gas from the ground, gas pipeline construction labor is in short supply, which is driving up the costs and availability of labor to construct new gas pipelines

or relocate existing gas transmission lines. The cost for the gas line relocation is unusually high due to these labor demands, and requires a significantly higher contingency to help cover the fluctuations in the cost of gas line related work.

The Mooreview Parkway project is a critical missing highway link needed to provide connectivity to the planned Ashburn Metrorail Station. The project is also subject to a Reimbursement Agreement with the Claude Moore Charitable Foundation.

Staff is requesting the transfer of local gasoline tax funding now because the gas line relocation work must occur before the County can begin construction of the road segment between Croson Lane and Old Ryan Road; otherwise, the gas line relocation work would bisect and impede the project. Funding for the gas line relocation is needed prior to award of the construction contract, more specifically, before placing the project out for bid. In order to bid this project, staff needs an accurate project schedule for the Columbia Gas work; otherwise the County risks that the gas line relocation work will delay the progress of the general contractor if the County has already awarded a construction contract and issued the notice to proceed on construction.

This CIP amendment requests to allocate local gas tax funding as an amendment to the FY 2016 CIP to provide funds now to alleviate the gas line issue and time the allocation of the additional construction related funding in the CIP to align with when staff believes the construction contract will be issued for the project. The Mooreview Parkway project contains \$6,300,000 in fund balance appropriated as part of the FY 2014 CIP budget.

Due to limits on the amount of FY 2015 fund balance available to use towards capital project needs, and an attempt to alleviate pressure on the use of local tax funding and debt financing in the CIP, staff from the Department of Management and Budget (DMB) and DTCI completed an audit of the local gasoline tax project accounts in the Transportation District Fund to determine if any balances existed to allocate towards transportation-related capital projects in need of additional funds. Staff has identified balances in project accounts that were established for general contingency using local gasoline tax revenues in prior fiscal years. In time, these contingency accounts have become somewhat redundant as the CIP has established its own capital project-related contingencies. Staff believes reprogramming these funds is appropriate at this time to other one-time expenditures such as the gas transmission line relocations. Staff notes that these contingency funds are not planned to be replenished, and these funds are one-time in nature.

Local gasoline tax revenue has declined from historic levels as gasoline prices have declined; however, the use of the proposed local gasoline tax funding for Mooreview Parkway will not affect any current revenue needed to support the County's current transit and commuter bus service. As will be highlighted in the FY 2017 Proposed Budget, local gasoline tax balances are not accumulating as they had in the past and therefore should not be considered as a source of ongoing revenue for new or expanded programs.

In the near future, all local gasoline tax revenues will be diverted to cover the County's share of operating costs for the Metrorail Silver Line once it is operational in the County. Current estimates place the opening of Metrorail Silver Line service in the County in FY 2020.

ISSUES: An amendment to the FY 2016 CIP is required in order to transfer additional funds from the Transportation District Fund to the Capital Fund for the Mooreview Parkway project. If the Board chooses not to appropriate the use of local gasoline tax funding for the project, then the County will not have sufficient funding available to address the gas line relocation issue for the Mooreview Parkway project.

FISCAL IMPACT: If approved by the Board, staff will prepare a budget adjustment to appropriate and transfer \$1,800,000 in local gasoline tax funding in the Transportation District Fund to the Capital Fund for the Mooreview Parkway gas line relocation.

ALTERNATIVES: The Board may choose to recommend the appropriation and transfer of some, none or all of the requested \$1,800,000 in local gasoline tax funding for the Mooreview Parkway capital project. If the Board does not fully fund this request, staff would have to find other sources of proposed funding for the project, likely in the Proposed FY 2017 – FY 2022 CIP.

DRAFT MOTIONS:

1. I move the Finance/Government Operations and Economic Development Committee recommend that the Board of Supervisors amend the FY 2016 Capital Improvement Program and budget and direct staff to execute a budget adjustment to appropriate and transfer \$1,800,000 in local gasoline tax funding in the Transportation District Fund to the Capital Fund for the Mooreview Parkway capital projects.

OR

2. I move an alternate motion.